



Statement of Senator Feinstein on
Federal Indictments of Reliant Energy Services
April 8, 2004

"The Justice Department today indicted Reliant Energy Services and four of its employees for manipulating the Western energy market during summer of 2000. These indictments are long overdue.

We have known for some time that Reliant was one of the worst offenders during the crisis. It entered into billions of dollars worth of wash trades and intentionally held power off-line to inflate prices. Furthermore, this behavior was not the bad actions of some low-level operator. It was a deliberate corporate strategy orchestrated by the vice-president of power trading.

Here are descriptions and excerpts of conversations between Reliant employees (obtained from transcripts released by the Federal Energy Regulatory Commission):

- On June 19, 2000, a Reliant plant manager explains to a plant operator that outages would benefit Reliant's forward trading positions.
- In a June 20, 2000, discussion, 'Reliant Ops manager 1' tells 'Reliant plant operator 2' that the reason some or perhaps all of the units at the Cool Water facility would be down the next day was **'due to some market manipulation attempts on our part.'**
- On June 21, 2000, the tape transcripts depict a conversation between 'Reliant Trader 2' and 'Reliant Ops Manager 3' about the success of the strategy. At one point, the trader tells the manager that day-ahead prices had moved up **'to a level where we think we can run and make money.'** The Ops manager replies, **'Isn't it fun when you can do things like that now?'** The trader then says, **'this strategy that we did, you know, yesterday and today would not have worked if not everybody in the whole group bought in to it wholeheartedly.'**

Californians are still paying the price for this manipulation. Not only have the ratepayers not received the \$9 billion back that they overpaid as a result of the crisis, but they are still overpaying for energy bills because of long-term energy contracts that were entered into at the height of the crisis.

I wish that the Justice Department had acted sooner, but it is my hope that this signals a new willingness to indict and prosecute those responsible for manipulating the Western Energy market in 2000 and 2001."

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